



ATTACHMENT 4

This attachment provides a copy of the signed joint Letter of Intent from DOE, U.S. EPA, and Ohio EPA.



PURPOSE

This letter of intent documents a commitment by the U. S. Environmental Protection Agency; the State of Ohio, Ohio Environmental Protection Agency; and the U. S. Department of Energy (DOE) to accelerate the Fernald Facility cleanup.

Additionally, this letter of intent documents how results of the DOE Top-to-Bottom Review, and other improvements will be used to:

- ✓ Accelerate cleanup,
- ✓ Reduce health risk and project schedule uncertainty,
- ✓ Support integrated planning and funding requests, and,
- ✓ Meet commitments under the Fernald Federal Facilities Agreement and Consent Decree.

This letter of intent documents the continuing transformation of the Fernald site and the objective of accelerating completion and increasing the confidence level in a 2006 or sooner closure date. It establishes a bias for action and continuous improvement throughout cleanup.

BACKGROUND

- The DOE Top to Bottom Review identified a range of Environmental Management (EM) challenges, noted many areas needing improvement, and issued several calls to action to accelerate cleanup at EM sites.
- The Administration is prepared to increase site-specific budget requests as sites demonstrate a willingness to accelerate cleanup with the expectation that the accelerations achieved by such near-term increases will lead to significant cost decreases in later years and substantially less overall life cycle costs to taxpayers.
- The constructive working relationships among the regulators, Fluor Fernald and the Department have already resulted in changes in priorities, requirements strategies, work practices and commitments, and have created a framework for dealing with other issues.
- In addition, DOE has already fundamentally transformed how it conducts its business through an incentive-based contract and internal management processes at Fernald.
- Several specific initiatives now being implemented focus on accelerated cleanup and demonstrate a transformational change to the way business is being conducted:
 - ✓ Focus on the Activities that Contribute Directly to Closure,
 - ✓ Re-allocation, by Fluor Fernald, of significant labor and other support costs to direct field cleanup costs,
 - ✓ Energize the Workforce Through Strong Effective Leadership,
 - ✓ Provide pro-active communication among all parties involved,
 - ✓ Foster a Team Environment Based on Mutual Respect and Trust with Clear Roles and Responsibilities

UNDERSTANDINGS

The following statements document the commitments and progress that have been made to date:

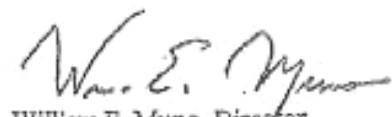
1. All parties share a desire to fundamentally transform the project and a vision to accelerate closure of Fernald by December 2006. Additionally, accelerated cleanup will be accomplished in a manner that is safe, protective of human health and the environment, and compliant with all applicable State and Federal environmental laws, as described in the Records of Decision.
2. DOE and Fluor Fernald bear the greatest responsibility to transform their business practices to accelerate cleanup. DOE and Fluor Fernald agree to take all necessary steps to accelerate risk reduction and to apply as large a percentage as possible of the Fernald Sites budget to accelerated cleanup as a continuing and ongoing process.
3. All parties will be accountable for meeting their commitments. To this end, the parties agree that accelerated cleanup and meeting our commitments are made more attainable with sufficient, stable, and predictable funding; good regulatory relationships; broad stakeholder support; and incorporating sound risk management practices.
4. All parties agree to aggressively evaluate and implement, where appropriate, the targets of opportunity for accelerated risk reduction as well as actions identified which will expedite site closure. In doing this the parties agree that when setting priorities and cleanup strategies, there are other factors that need to be considered in addition to risk including demonstrating cleanup progress, balancing risk to workers, the public, and the environment.
5. The Fernald Site has presented plans for accelerated cleanup that meet the criteria for access to the Cleanup Reform Appropriation. These plans focus resources on closure and situations with the highest risk and include the following:
 - ✓ A revised project baseline reflecting a 2006 closure date,
 - ✓ Acceleration of the Silos Project,
 - ✓ Improved waste management and accelerated disposal options,
 - ✓ Acceleration of D&D activities and follow on soil excavation activities,
 - ✓ Reduction of support costs.
6. The Regulators have not reviewed the accelerated baseline schedule and documentation, as developed by DOE and Fluor Fernald, however, they have been briefed on assumptions necessary for attaining the 2006 clean up goal. Assumptions include but are not limited to:
 - ✓ Achievement of the employment levels and related skill mix contained in the 2006 baseline,
 - ✓ Soil excavation rates up to 775,000 cubic yard per Calendar Year,
 - ✓ Construction of as many as five disposal cells, and simultaneous operation and disposal in as many as three disposal cells, in one calendar year, while capping three disposal cells in one calendar year,
 - ✓ Acceptable regulatory permit modifications must be obtained by a commercial disposal facility to receive and/or treat the Silo wastes.
7. Additional funding for remaining project completion activities, as well as long-term monitoring of the On-site Disposal Facility, operation of the groundwater treatment facility, as well as routing monitoring and reporting of groundwater, surface water and air emissions will be required after 2006.
8. DOE commits to continue long-term stewardship efforts with the Regulators and all stakeholders, to achieve successful closure of the Fernald site. All parties agree that an effective DOE funded long-term stewardship program is a necessary component of a successful site closure. Additionally the parties agree

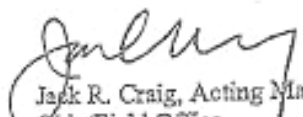
such a program must be established and fully implemented prior to site closure. Initial details of this program are included in DOE's documents: draft Comprehensive Stewardship Plan and the Master Plan for Public Use.


9. DOE considers this letter of intent, together with achievement of the items delineated above, to meet the objectives called for in the President's fiscal year 2003 budget request for sites to reach new agreements with State and Federal regulators to help accelerate and improve cleanup performance.
10. DOE will conduct routine meetings, to assess the status and ensure progress of DOE support to accelerated cleanup at the Fernald site. Summary evaluations will be provided to the Assistant Secretary for Environmental Management.
11. The principals will continue to meet regularly to provide the leadership needed to ensure progress, solve problems, and identify new initiatives.
12. Nothing in this letter of intent modifies any of the rights, authorities, or obligations currently stated in, or incorporated by reference into, the Amended Consent Agreement or Amended Consent Decree. Further, at this time the Parties do not anticipate modifying the Amended Consent Agreement or Amended Consent Decree in order to accelerate the Fernald Facility cleanup. All parties recognize that mechanisms exist to modify these documents. Also, this letter does not modify any previously existing design documents.

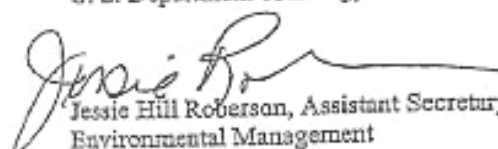
We, the undersigned, are committed to work together, and to seek additional opportunities to accelerate and improve cleanup.


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